

ITEM 6 Statement of Accounts 2015/16

Report of the Head of Finance

Recommended:

- 1. Ernst & Young’s Annual Audit Results Report (Annex 1):**
 - a. That the matters raised in the report be considered before authorising the financial statements for issue,**
 - b. That the proposed audit opinion and value for money conclusion be noted.**
- 2. That the letter of representation (Annex 2) be approved.**
- 3. That the audited Annual Statement of Accounts for the financial year 2015/16 (Annex 3) be approved.**

SUMMARY:

- The Council is required to prepare an Annual Statement of Accounts and have those accounts audited. This report presents the audited Annual Statement of Accounts for approval together with the Annual Audit Results Report of the Council’s external auditors, Ernst & Young.
- The Statement of Accounts is presented with an unqualified opinion; this means the auditors found no unadjusted material errors or misstatements in the accounts.

1 Introduction

- 1.1 The Council is required to produce and approve an Annual Statement of Accounts for each financial year.
- 1.2 The accounts for the year ended 31 March 2016 have now been audited by Ernst & Young and the Annual Statement of Accounts, together with the auditor’s Annual Audit Results Report are presented here for approval.

2 Ernst & Young’s Annual Audit Results Report

- 2.1 As part of the reporting process, an Ernst & Young director produces an Annual Audit Results Report (AARR). This is shown in Annex 1.
- 2.2 The AARR details findings in respect of the audit of the accounts and investigations into the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

- 2.3 An unqualified opinion has been given in respect of both the Annual Statement of Accounts and the Council's value for money arrangements. This means that the auditors found no material areas of concern as part of their audit.

3 2015/16 Statement of Accounts

- 3.1 The accounts were prepared in accordance with statutory guidance and deadlines.
- 3.2 The Head of Finance approved the draft financial statements for audit on 30 June 2016. Following this, the accounts were submitted to Ernst & Young along with relevant working papers in order that the audit could be carried out.
- 3.3 There have been two amendments to the accounts since the Head of Finance approved them for audit:
- (a) Note 29 - last schedule - showing the movement in investments over the year:
 - Adding £125,000 re. the Hampshire Community Bank investment to the long term investments purchased in the year so that the total movement agrees to the movement in the balance sheet between short term and long term investments
 - (b) Reclassification in respect of expenditure on the Evolution 50 project:
 - £325,000 reclassified from debtors to Investment Property on balance sheet
 - Update to note 15 (Investment property) to include the £325,000 on property under construction
 - Update to note 21 (Debtors) to deduct the £325,000
 - Accounting policies (note 1.14) updated to include the wording: *Investment properties under construction are measured at fair value once it is possible to measure reliably the fair value of the investment property, and at cost before that date.*

These accounting adjustments had no effect on the "bottom line" position of the Council.

- 3.4 Before approving the Annual Statement of Accounts, Councillors should consider the Council's Annual Governance Statement shown at the end of the Statement of Accounts (Annex 3). This remains unchanged from the statement approved by Council on 29 June 2016.

4 Conclusion and reasons for recommendation

- 4.1 The Statement of Accounts presented with this report is recommended to be approved by the General Purposes Committee as the Council's audited Statement of Accounts for 2015/16.
- 4.2 Ernst & Young has issued an unqualified opinion in respect of both the Annual Statement of Accounts and on the Council's ability to deliver value for money.

- 4.3 The reason for the recommendation is to comply with a statutory duty to approve the Council's audited Statement of Accounts by 30 September each year.

<u>Background Papers (Local Government Act 1972 Section 100D)</u>			
<u>Confidentiality</u> It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public.			
No of Annexes:	3	File Ref:	
(Portfolio: Economic) Councillor Giddings			
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Report to:	General Purposes Committee	Date:	29 September 2016